

## Message Text

UNCLASSIFIED

PAGE 01 GENEVA 06070 01 OF 02 311011Z

12

ACTION EB-07

INFO OCT-01 IO-10 ISO-00 L-03 FRB-01 OMB-01 TAR-01 SP-02

AGR-10 AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00

OIC-02 SIL-01 STR-04 TRSE-00 CIEP-02 CEA-01 AF-06

ARA-10 EA-10 EUR-12 NEA-10 GSA-02 INT-05 PA-02 PRS-01

USIA-15 /135 W

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R 310930Z JUL 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 5034

UNCLAS SECTION 1 OF 2 GENEVA 6070

E.O. 11652: N/A

TAGS: UNCTAD ETRD EMIN

SUBJECT: UNCTAD: OPENING MEETING COMMITTEE ON TUNGSTEN NINTH  
SESSION JULY 28, 1975

1. THE COMMITTEE OPENED ITS MEETING WITH RE-ELECTION OF  
MR. VANDIEST (NETHERLANDS) AS PRESIDENT AND MR. V. SCHNEIDER  
(CANADA) AS V-PRES CUM RAPPORTEUR. PROVISIONAL AGENDA  
(TD/B/C.1/TUNGSTEN/11) ADOPTED WITH SUGGESTED CHANGES BY US  
AND UK DELS THAT ITEM 6, REVIEW OF RECENT DEVELOPMENTS IN  
TUNGSTEN MARKET, AND ITEM 7, TUNGSTEN ORE RESERVES BE TAKEN UP  
IMMEDIATELY ON GROUNDS THESE TWO ITEMS PROVIDED PROPER BACK-  
GROUND FOR DISCUSSION OTHER ITEMS. USDEL SUGGESTED SUCH ORDER  
BE KEPT IN MIND FOR FUTURE COMMITTEE MEETINGS.

2. US MOVE PRE-EMPTED BOLIVIAN EFFORT TO HAVE DISCUSSION  
ITEM 5, STUDY OF FEASIBILITY OF ALTERNATIVE MEASURES TO  
STABILIZE TUNGSTEN PRICES, AS FIRST ITEM OF BUSINESS.

3. DISCUSSION BEGAN WITH PRESENTATION BY SECRETARIAT DOC.  
TD/B/C.1/TUNGSTEN/15. USDEL FOLLOWED WITH PRESENTATION US  
COUNTRY STATEMENT GIVING REVIEW OF US TENGSTEN SITUA-  
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PAGE 02 GENEVA 06070 01 OF 02 311011Z

TION 1974 PLUS PROJECTIONS 1975 AND 1976 OF PRODUCTION,

CONSUMPTION, AND TRADE. BELIEVE INTENDED EXEMPLARY EFFECT WAS ACHIEVED AND REQUESTS FOR COPIES OF STATEMENT WERE QUICK TO FOLLOW.

4. IN AFTERNOON MEETING DISCUSSION ITEM 5 BEGAN WITH STATEMENT OF US POSITION (EXCERPTS AS FOLLOWS:  
BEGIN QUOTE:

"MR. CHAIRMAN: I WOULD LIKE TO MAKE A GENERAL STATEMENT ON THE QUESTION OF THE STUDY OF THE FEASIBILITY OF ALTERNATIVE MEASURES TO STABILIZE TUNGESTEN PRICES. MY COMMENTS WILL BE DIRECTED PRIMARILY TO THE SECRETARIAT'S STUDY PREPARED FOR THIS SESSION, NAMELY DOCUMENT NO. 14.

"I SHOULD ALSO LIKE AT THIS TIME TO TAKE NOTE OF DOCUMENT L.5 WHICH WAS CIRCULATED AT THE REQUEST OF THE GOVERNMENT OF BOLIVIA. WHILE WE FIND THIS AN INTERESTING DOCUMENT AND WILL ATTEMPT TO GIVE SOME PRELIMINARY REACTIONS TO IT, MY DELEGATION IS NOT ABLE TO TAKE A DEFINITIVE POSITION ON ITS CONTENTS AT THIS TIME, SINCE WE HSALL NEED TIME TO GIVE IT CAREFUL STUDY.

"I WOULD LIKE TO CONGRATULATE THE SECRETARIAT FOR THE WORKMANLIKE JOB IT DID IN THE PUTTING TOGETHER DOC. 14. IT IS A SUCCINCT AND WELL WRITTEN EXPOSITION OF THE ELEMENTS OF A SYSTEM OF MAXIMUM AND MINIMUM PRICES TOGETHER WITH A RUNDOWN OF SOME OF THE MAJOR PROBLEMS INVOLVED. ADDED TO A NUMBER OF PREVIOUS STUDIES ON THE SUBJECT OF FEASIBLE, ALTERNATIVE MEASURES TO STABILIZE THE PRICE OF TUNGESTEN, THE AMOUNT OF EFFORT EXPENDED ON THIS SUBJECT HAS BEEN QUITE REMARKABLE. THE AMOUNT OF EFFORT EXPENDED ATTESTS INDEED TO THE VERY COMPLICATED AND ELUSIVE NATURE OF THIS SUBJECT AND THE COMMODITY ITSELF.

"THE COMMITTEE ON TUNGESTEN'S REPORT ON ITS EIGHTH SESSION IN PARAGRAPH 34 OF THE AGREED CONCLUSIONS NOTED THE BROAD RECOGNITION GIVEN BY THE WORKING GROUP TO THE NEED FOR MODERATING FLUCUATIONS IN THE PRICES OF TUNGESTEN ORES AND CONCENTRATES. AS IT WAS SO ABLY PHRASED BY DIRECTOR CHIDZERO YESTERDAY, THERE ARE TWO MAIN THEORIES ON HOW STABILIZATION IS TO BE BEST ACHIEVED, ONE THE PATH OF REGULAR EXCHANGE OF MAXIMUM  
UNCLASSIFIED

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PAGE 03 GENEVA 06070 01 OF 02 311011Z

POSSIBLE INFORMATION, AND STEPS TOWARD IMPROVING THE COMPREHENSIVENESS OF SUCH DATA, THE OTHER BY INSTITUTION OF SOME FORM OF COMMODITY ARRANGEMENT.

"THE USG HAS FOR SOME YEARS BELIEVED AND CONTINUES TO BELIEVE THAT THE FORMER COURSE--THAT OF THE ENLARGEMENT AND IMPROVEMENT OF DATA--IS THE MOST EFFECTIVE COURSE UNDER PRESENT CIRCUMSTANCES. SIMILARLY THE USG HAS FOR SOME YEARS BELIEVED AND CONTINUES TO BELIEVE

THAT THE CASE FOR FEASIBILITY OF AN INTERNATIONAL COMMODITY ARRANGEMENT FOR TUNGESTEN REMAINS LARGELY UNPROVED. WE HAVE ON MANY OCCASIONS IN THE PAST POINTED OUT THAT FOR VARIOUS TECHNICAL REASONS, SUCH AS THE ABSENCE OF AN INSTITUTIONAL MARKET AND THE CONSEQUENT VAGUENESS OF PRICES, AND BY THE VERY NATURE OF TUNGESTEN ITSELF IN ITS MANY FORMS AND GRADES, INCLUDING A GROWING PROBLEM, AS DOCUMENT 14 POINTS OUT, OF THE INCREASED ENTRY INTO INTERNATIONAL TRADE OF INTERMEDIATE PRODUCTS SUCH AS APT, METAL POWDER, AND PERHAPS FINISHED PRODUCTS AS WELL, THE USG HAS NOT BEEN CONVINCED OF THE FEASIBILITY AND PRACTICALITY OF AN INTERNATIONAL ARRANGEMENT FOR TUNGESTEN.

"LET ME TURN BRIEFLY TO MENTION SOME OF THE PRACTICAL DIFFICULTIES FOR THE USG IS A COMMODITY ARRANGEMENT INCLUDING SET MINIMUM AND MAXIMUM PRICES WERE TO BE PROPOSED. LEAVING ASIDE, FOR THE MOMENT, SUCH QUESTIONS AS HOW PRICES WOULD BE SET, WHAT WIDTH OF BAND WOULD BE USED, HOW WOULD THE MINIMUM PRICE BE DEFENDED, HOW WOULD THE MAXIMUM PRICE BE DEFENDED; WHAT WOULD BE THE ROLE OF QUOTAS, PRODUCTION/EXPORT CONTROLS; VARIABLE LEVIES, STOCKPILES; WHAT TYPES OF STOCKS SHOULD EACH COUNTRY HOLD AND HOW MUCH; WHO WOULD FINANCE THE STOCKS, ETC, ETC, FOR ALMOST NONE OF THE ABOVE CITED QUESTIONS COULD ACTION BE TAKEN BY THE USG UNDER PRESENT US LAW AND A LENGTHY PROCESS OF CHANGING AND ADDING LAWS WOULD BE REQUIRED, MOST PROBABLY UNDER THE AEGIS OF AN INTERNATIONAL TREATY. NOR, BECAUSE OF ANTITRUST LAW CONSIDERATIONS COULD US PRODUCERS OR CONSUMING FIRMS EASILY JOIN WITH ANY GROUPING SUCH AS THE PTA TO TAKE ACTIONS INDEPENDENT OF OR IN COLLABORATION WITH GOVERNMENT AUTHORITIES TO ESTABLISH AND DEFEND MINIMUM AND MAXIMUM PRICES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 GENEVA 06070 01 OF 02 311011Z

"THE FACT THAT THE BEHAVIOR OF THE TUNGESTEN MARKET IN THE LAST YEAR, WHERE IN VERY DEPRESSED CONDITIONS THE PRICE OF TUNGESTEN HAS HELD UP REMARKABLY WELL AND THE SLOW DOWNWARD DRIFTING MAY NOW HAVE BEEN ARRESTED (YESTERDAY'S LMB QUOTE WAS UP 50 P. AT THE LOWER END) AMY INDICATE THAT THE PERIOD OF VERY WIDE FLUCTUATIONS AND HIGH VOLATILITY ARE RECEDING. INDEED, THE DISTINGUISHED DELEGATE FROM BOLIVIA TOLD ME YESTERDAY THAT THE PRESENT SALES POLICY BY THE PEOPLE'S REPUBLIC OF CHINA ARE HELPING TO STABILIZE THE WORLD MARKET. HAVING BEEN CLOSELY CONNECTED WITH GSA TUNGESTEN DISPOSALS IN THE RECENT PAST, I BELIEVE I CAN STATE THAT GSA DISPOSALS HAVE ALSO NOT HAD A DESTABILIZING INFLUENCE ON MARKETS. THIS CONCLUSION WAS ALSO REACHED BY THE SECRETARIAT IN DOCUMENT 16, THE REVIEW OF RECENT DE-

VELOPMENTS IN THE TUNGESTEN MARKET.

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PAGE 01 GENEVA 06070 02 OF 02 311012Z

12

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USIA-15 /135 W

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R 310930Z JUL 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 5035

UNCLAS SECTION 2 OF 2 GENEVA 6070

" FINALLY, MAY I STATE THAT THE USG HAS FOR SOME TIME BELIEVED THAT POSITIVE STEPS FORWARD TOWARD OFFSETTING INSTABILITY IN THE TUNGESTEN MARKET WOULD BE ACHIEVED BY A FULLER AND PROMPTER EXCHANGE OF PERTINENT INFORMATION ON PRODUCTION, STOCKS, TRADE, AND CONSUMPTION AMONG COUNTRIES. TO THIS END WE WELCOME THE WORK DONE BY THE UNCTAD SECRETARIAT IN DEVELOPING NEW QUESTIONNAIRES AND ESPECIALLY WELCOME AND SUPPORT THE PROPOSAL TO CONSTITUTE A STATISTICAL WORKING PARTY TO MEET PRIOR TO THE SESSION OF THE COMMITTEE AND COORDINATE COUNTRY PROJECTIONS. PARTICULARLY IN THE CASE OF A METAL SUCH AS TUNGESTEN, WHERE DATA ARE DIFFICULT TO OBTAIN, A REGULARIZED MANNER OF COLLECTION, PREPARATION, AND DISSEMINATION WITH THE FULL COOPERATION OF MEMBER GOVERNMENTS COULD PROVE AN AUSPICIOUS STEP FORWARD." EN QUOTE

5. TWO DAYS OF VERY SUBSTANTIVE DISCUSSION ENSUED WITH PARTICULARLY GOOD INTERVENTION BY UK TECHNICAL ADVISER ASSAILING BOLIVIAN WITH LIST OF DETAILED QUESTIONS ON

WORKING OF MINIMUM/MAXIMUM PRICE SCHEME. US STATEMENT  
CONTAINING SUGGESTIONS US TECH ADVISERS ALSO BELIEVED  
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PAGE 02 GENEVA 06070 02 OF 02 311012Z

EFFECTIVE. PRO MIN/MAX FORCES WERE LED BY BOLIVIAN  
DELEGATES ITURALDE AND ECHAZU BACKED BY CANADA AND  
AUSTRALIA. SURPRISINGLY, PRC MADE THREE INTERVENTIONS,  
FIRST BEING STANDARD ANTI-CAPITALIST POLITICAL STATEMENT;  
THE OTHER TWO BACKING MIN/MAX SCHEME AS PREFERRED  
METHOD OF PRICE STABILIZATION FOR TUNGSTEN.

6. US POSITION WAS SUPPORTED BY JAPAN, GERMANY AND  
TO LESSER DEGREES BY FRANCE, UK; AND IN REP OF EC  
COMMISSION.

7. TOWARD END OF SECOND DAY'S DISCUSSION PRODUCER  
THINKING CRYSTALLIZED INTO CALL BY BOLIVIA AND CANADA  
USING STAMPEDE-TYPE TACTICS FOR IMMEDIATE ESTABLISHMENT  
OF DRAFTING GROUP TO FORMULATE DRAFT AGREED CONCLUSION  
FOR SUBMISSION TO COMMITTEE. US AND FRENCH DELEGATES  
POINTED OUT THAT THIS SUGGESTION PREMATURE, SINCE  
DISCUSSION ON AGENDA ITEMS 3 AND 4 HAD YET TO TAKE  
PLACE AND SUCCEEDED IN POSTPONING FORMULATION OF DRAFTING  
GROUP UNTIL WEDNESDAY P.M. DALE

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## Message Attributes

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